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UPDATE 3-Rising raw materials prices "frightening" - SSAB

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(Adds CEO comment on new U.S. plant)

By [Verna Gates](#)

MOBILE, Ala., May 7 (Reuters) - The chief executive of Swedish specialty steelmaker SSAB (SSABa.ST: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) said on Wednesday the rise in prices for raw materials was frightening and the volatility unprecedented but that demand for the company's products remained strong.

"2008 is a unique year. Historically, we have never seen such extreme volatility in the prices of raw materials. It is a dramatic turbulence in prices," Olaf Faxander told a capital markets conference in Mobile, Alabama.

"The prices of raw materials are frightening, actually," Faxander told Reuters.

He said SSAB would double its already growing share of niche products.

SSAB's share of the niche products market rose to 45 percent, or 47.57 million Swedish crowns, in 2007 from 19 percent in 2002, he said.

"We will double it in five years. We are well under way," Faxander said.

In a summary posted on the company's website in conjunction with the conference, SSAB said its market was developing well this year, with no sign of a slowdown in demand and strong investment in infrastructure-related industry.

It reiterated an earlier statement from Faxander that "the market development for SSAB products looks strong."

The company said it had won an order in Canada for 15,000 to 20,000 tonnes of plate, and that the contract may grow further.

SSAB also forecast synergies would amount to 200 million crowns (\$36 million) in 2008, while investments would exceed 1.7 billion.

In slides of a presentation, Faxander said the outlook for this year was good and that there were "no signs of slowdown in our demand." He said the current situation "is generally expected to remain throughout 2008."

He added that the investment level in infrastructure-related industry was still buoyant and was especially strong in developing countries with fast-growing economies.

He said mining and energy were seeing growing demand and the transport sector remained strong globally, although the North American truck market would probably remain at a low level.

Faxander said priorities in the middle term included integrating the North American division and capitalizing on opportunities in Asia.

He said the company would make a decision on building a new heat-treating line for quenched and tempered steel in either Alabama or Iowa in the next

few months.

"The final cost depends on the scope of the project. We are still in talks," he said. (Additional reporting by Anna Ringstrom and Adam Cox, editing by Matthew Bigg, Richard Chang)

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